



Corporate Sustainability and Responsibility

Edrington was created to be a company that makes a positive contribution to the communities in which we live and work. For over 160 years we have built a responsible and sustainable business that respects the environment around us. Our Sustainability and Responsibility (S&R) strategy is underpinned by a governance structure and key performance indicators for delivery.

Our strategy has four key pillars: Protecting the Environment, Giving More, Engaging Great People and Promoting Responsible Consumption. These are driven by a steering group consisting of senior leaders heading up each of the four focus areas chaired by the Head of Sustainability and reporting directly to the Chief Executive. These pillars ensure that we capture the breadth of the agenda together with our key performance indicators (KPIs) to ensure that we deliver. The KPIs against our commitments form an integral part of the business' Balanced Business Scorecard.



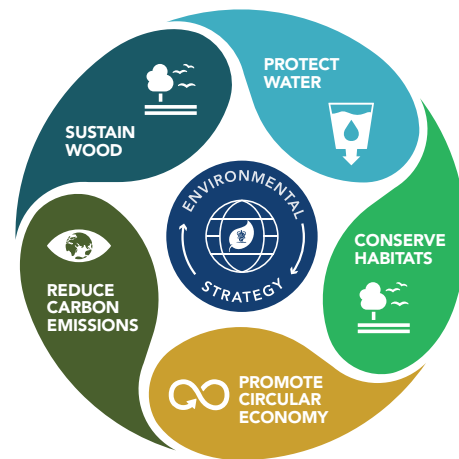
PROTECTING THE ENVIRONMENT

Governance and Strategy

Edrington recognises and embraces our responsibility to support and protect the environment around us. Last year, we revisited our environmental strategy and the elements within it to deliver a strategy which significantly increased and sharpened our environmental focus areas.

Our Sustainability Management Team is comprised of leaders who work across our environmental focus areas of; Sustain Wood, Protect Water, Reduce Carbon Emissions, Promote Circular Economy, and Conserve Habitats. This is underpinned

by the support of regional leads and our global network of 'Green Teams' to ensure the strategy is understood and implemented across our global business, driving engagement from all our sites and employees.



The Group signalled a significant shift in our environmental responsibility this year by moving from our existing commitment to be carbon neutral by 2030 in our own operations and travel commitments to making a full Net Zero commitment by 2045.

By committing to the Science-Based Targets initiative (SBTi) Corporate Net Zero Standard, we will make a greater commitment than our existing scopes 1 and 2 emission reductions by adding scope 3 (supply chain) emissions. The commitment is to reduce all emissions by at least 90% by 2045, using a maximum of 10% offsets only if we conclude that we cannot reasonably eliminate all CO₂e emissions.

Risk Management

The Group undertook a climate change risk assessment in 2021/22. This identified a number of prioritised risks with existing and future mitigation actions captured, which feed into the broader Group Risk Management Committee.

The more significant sustainability risks identified by the business relate to the scarcity of raw materials from climate related events, driving our focus areas around the sustainability of wood and protecting water.



Corporate Sustainability and Responsibility (continued)

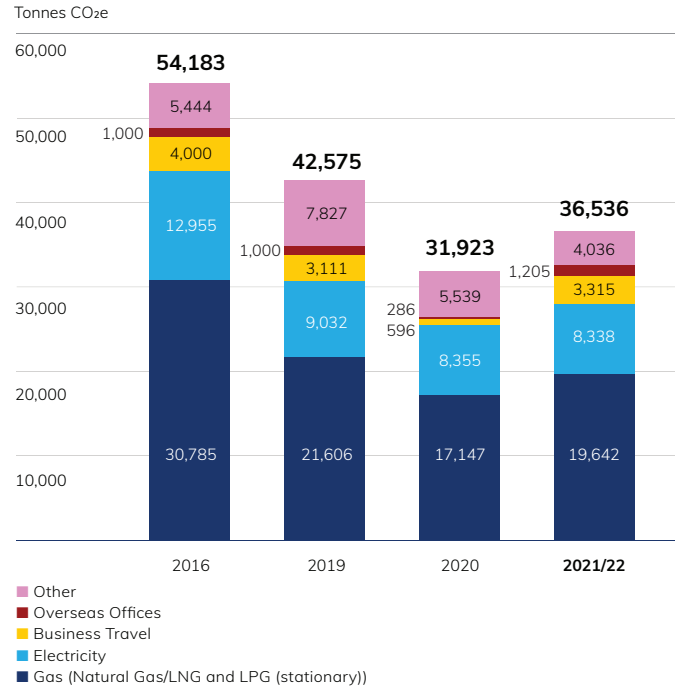
Key Performance Indicators

Edrington has six primary environmental goals.

“Become a carbon-neutral business by 2030 for our distilleries, offices (scopes 1 and 2) and travel, reducing greenhouse gas emissions by at least 70% compared to 2016 levels”

In 2021/22, we reduced our annual CO₂e emissions for scopes 1 and 2 plus business travel by -21% compared to FY2019, the last non-Covid impacted and audited year. We have been tracking significantly ahead of plan on the existing scopes 1 and 2 plus travel target and have already reduced this number by over 30% versus our 2016 base year. The FY2020 results reflect the impact of Covid measures including periods of distillery shutdown and reductions in business travel.

* The graph includes emissions relating to the production of grain whisky which are scope 3 emissions but were included to fairly reflect our blended whisky sales.



Edrington SECR Report for 2021/22

	UK		UK + Global		UK		UK + Global	
	2019/20 (MWh)	2019/20 (tCO ₂ e)	2019/20 (tCO ₂ e)	2021/22 (MWh)	2021/22 (tCO ₂ e)	2021/22 (tCO ₂ e)	Change vs PY	
Scope 1	81,087	16,349	24,053	78,338	11,476	20,199	-16%	
Scope 2	60,619	3,798	8,720	59,201	1,663	7,493	-14%	
Total Energy	141,706			137,539				
Air Travel	5,287	1,310	3,035	1,019	253	704	-77%	
Scope 1, 2 + Air Travel	146,993	21,457	35,807	138,558	13,392	28,396	-21%	
Gas	59,338	10,912	15,112	58,539	6,537	12,362	-18%	
Electricity	14,859	3,798	8,720	16,360	1,663	7,493	-14%	
Company Vehicles	1,473	344	3,110	1,422	315	2,611	-16%	
Total (Gas, Electricity + Company Vehicles)⁽¹⁾	75,670	15,054	26,942	76,321	8,515	22,467	-17%	
Overseas Offices			1,270			1,205	-5%	
Grain Spirit		8,145	8,145		8,140	8,140	0%	
Other	66,037	5,093	4,560	61,217	4,624	4,020	-12%	
Volume of alcohol produced at our distilleries (LOA'000) ⁽²⁾	17,940	17,940	32,715	17,204	17,204	33,487	2%	
Intensity Metric* (kgCO₂e/LOA)		0.839	0.824		0.495	0.671	-19%	

* Calculate as (1)×1000/(2)



Corporate Sustainability and Responsibility (continued)

We report our emissions in line with the Greenhouse Gas Protocol Corporate Standard. The above table reports scope 1 and 2 emissions from our businesses where Edrington has operational control, including our operations in the Dominican Republic as well as the majority of Scope 3 emissions from business travel in line with the Streamlined Energy and Carbon Reporting requirements (SECR). Additionally, we now include scope 3 emissions relating to the grain whisky used in our blended whisky from North British Distillery. Our innovation brands in the USA have been excluded due to de-minimis size or lack of operational control.

Leased offices have been included in the calculation as though they were wholly owned with figures deriving from energy invoices where available and from delivery notes or site readings where not possible. Emissions and conversion factors come from BEIS figures published in 2021, where this is not possible other government or international recognised body factors have been used. Market and location-based figures have been reported as RGGOs and REGOs and have become part of Edrington's energy purchasing strategy.

Natural gas is only used at The Macallan, The Glenrothes and Great Western Road sites. Kerosene is only used at Highland Park and The Glenrothes, LPG is used at Great Western Road and our Cooperage sites with diesel being used at all UK manufacturing sites. All fuels used in the Dominican Republic have been reported, Biogas has been added to the base year and current year reporting but was not included in previous verification. HFCs have been reported at Great Western Road, where two maintenance top-ups were required during the year.

All Edrington flights are booked through a single provider except for the Dominican Republic where there were no flights taken within the period due to travel restrictions. Business travel in rental cars has been excluded as a de-minimis source and the company does not pay for fuel when employees travel in their own vehicles.

From October 2021, Edrington entered into a renewable Power Purchase Agreement (PPA) backed by Renewable Energy Guarantees of Origin (REGOs) to supply all electricity for UK owned sites. This has resulted in an 1,809 tCO_{2e} reduction. The head office will transition from April 2022 to a renewable agreement.

At The Glenrothes and The Macallan low carbon biogas, produced locally from distillery co-products, is now being used with Renewable Gas Guarantees of Origin (RGGOs) confirming the source. This has been supporting the decarbonisation of distillery gas supplies from October 2021 and has removed 4,188 tCO_{2e} from the two distilleries.

“We will replenish 100% of water consumption from production sites in water-stressed areas by 2030”

We recognise our responsibility as custodians of a scarce natural resource which is an essential ingredient in all our spirits. We have committed to reduce water consumption used to support the production process and replenish 100% of water consumption from production sites in the Dominican Republic. This means working closely with our suppliers in the agricultural sector to ensure that water is used as efficiently as possible in the growing of sugar cane. We are also pursuing ISO 46001 certification for water efficiency management systems by 2025 in the Dominican Republic.

We have made significant progress in 2021/22 to reduce our process water use in Scotland in line with the Scotch Whisky Association target. We have maintained an 'Excellent' rating – the highest possible standard – from the Scottish Environmental Protection Agency compliance scheme for the abstraction and return of water. In addition, we have invested significantly in biological water treatment plants in both Scotland and the Dominican Republic to ensure high quality water is returned to rivers.

In 2022/23 we plan to address the challenge to replenish water consumption in the Dominican Republic by implementing projects to restore and protect watersheds such as reforestation and rural communities' wastewater treatment and supporting a more efficient water use at our production sites.

“We will ensure that all packaging is sustainably sourced and widely recyclable by 2025”

This reflects our wider commitment to ensure that the business is maximising its ability to reduce, reuse and recycle materials used within its products. We are specifically focusing on repurposing waste from the making of our spirits and reducing the environmental impact of packaging and marketing materials to eliminate sending waste to landfill.

Our commitment includes evolving cardboard to become fully recyclable and sourcing from only Forest Stewardship Council “FSC” accredited suppliers, increasing the content of recyclable glass and reducing packaging weight. We are extending our commitment to 100% sustainable sourcing and recyclability of all marketing materials and point of sale by 2025.

In 2021/22 we have reviewed our use of distillation co-products for opportunities to create greater energy generation value. We are now supplying excess co-products to our biogas supplier to be used in the biogas production process.



Corporate Sustainability and Responsibility (continued)

“We will achieve zero waste to landfill from our own operations by 2025”

In 2021/22, we have achieved zero waste to landfill at our main Glasgow bottling and production site and are working in the Dominican Republic to make progress in the same area. There is minimal waste generated at our Scottish distillation sites however we continue to review this to ensure that our recycling rates continue to improve with the aim of achieving zero waste to landfill by 2025.

“We will execute a nature and wildlife strategy across all Edrington sites”

Edrington’s distilleries and associated land are located in beautiful natural landscapes. We have a responsibility to ensure that the environment around us is maintained and that we support and develop the landscapes and wildlife that surround us by introducing nature and biodiversity strategies across all our sites.

In the UK, we are recognised by the ISO14001 Environmental Management certification for our environmental protection in Scotch Whisky distillation operations. We continue to source barley to the highest UK environmental standard and in the Dominican Republic our sugar cane is sourced from local sustainable partners.

In 2021/22, we made significant progress towards improving the overall management of our sites through the development of land management plans that will significantly reduce carbon and improve biodiversity. In Orkney we have reduced our use of peat per litre of distilled spirit and focused on restoration of the peat bogs through an extended regeneration programme.

“We will advocate sustainable wood sourcing by tracing oak supply to the region of origin in Europe by 2025 and in the US by 2030”

From the management of the forests from which we select our oak to the creation and careful use of our casks wood is at the heart of our business and our brands.

We are working with our wood partners to understand wood origin as we look to source from sustainably managed areas. By 2030 we will obtain over 50% of our oak from PEFC/FSC (Programme for the Endorsement of Forest Certification) suppliers and will continue to responsibly manage the lifecycle of our casks.

Our focus in 2022/23 will be to extend forest health surveys to ensure that all environmental aspects are addressed whilst supporting suppliers and the regions to ensure we are ready for future risks.

GIVING MORE

We will continue our positive contribution to society and the communities that we live and work in, with Giving More at the centre of everything we do.

Our commitments:

- > *Contribute up to 1% of EBIT to Giving More initiatives around the world*
- > *Double Match all employee initiated Giving More fundraising*
- > *Inspire all employees to take up to 4 days’ paid leave for Giving More activities*

Giving is one of Edrington’s four core values, along with *Respect*, *Integrity* and *Excellence*. This ethos was inherited from our principal shareholder – The Robertson Trust – Scotland’s largest independent grant-making trust. Since the incorporation of Edrington in 1961, the Trust has donated £322m to a variety of charities to advance its aims of working for a fairer Scotland, funded by dividends from the Company.

In the UK, Edrington and The Robertson Trust both match the charitable fundraising of employees. In 2021/22 the total donated by Edrington employees to causes in Scotland was more than £545,000. With the obvious challenges to fundraising caused by the Covid-19 pandemic, our employees focused their efforts on volunteering and making a difference in their local communities.

As Edrington has grown internationally, the company has encouraged our people to contribute to the wellbeing of the communities in which they live and work. Across our international locations, our employees are supported in making a difference by championing causes they feel passionate about. To do this, Edrington sets aside 1% of EBIT each year for charitable giving by its employees worldwide, with their fundraising efforts being double matched by The Robertson Trust and Edrington. Last year Edrington empowered its people across the world to make donations valued at £2.5m, bringing the total raised and donated by Edrington’s international employees to £15.5 million since Giving More was rolled out internationally in 2012.



Corporate Sustainability and Responsibility (continued)

In addition to Giving More through charitable funding, Edrington offers every employee four days' paid leave to volunteer in their local communities and encourages employees to dedicate this time to causes that are important to them.

ENGAGING GREAT PEOPLE

Edrington aims to cultivate an inclusive environment that celebrates diversity of thought and enables everyone to make meaningful contributions. To achieve an inclusive and high-performance culture we have introduced progressive initiatives and policies focussing on diversity, equity and inclusion (DE&I), development of our great people, engagement and wellbeing.

Our commitments:

- > *Employ 33% female leaders by 2022 and ensure a minimum of 50% female candidates at first round interviews.*
- > *Target 95%+ of employees to have development plans.*
- > *Drive top quartile employee engagement.*
- > *Ensure all employees and their families have 24/7 support via Employee Assistance Programme.*

Diversity, Equity and Inclusion

Over the past five years, we have made consistent progress on gender DE&I, through targets and a clear action plan. We now have 37% female leaders in the business, which exceeds our target of 33% by 2022. We continue to make progress towards our recruitment target of having 50% female candidates for every first-round interview (currently 46%) and we have narrowed our gender pay gap in the UK.

To support the widening our DE&I agenda, we revised our strategy last year and now have a comprehensive plan which focuses on three areas: culture and engagement; awareness and education; and impactful interventions. We have DE&I focal points for each business unit and region, who along with the chairs of our employee network Balance, form our global DE&I working group.

Development

Developing our people by building the skills and capabilities needed to deliver our vision is a key area of our business strategy, which is supported by focused development plans for each employee.

We continued to build on the on-line Edrington Academy offering through learning sprints, pathways, and skill frameworks in key areas such as Marketing, DE&I, and Cybersecurity. We also delivered a successful Learning at Work festival with around 150 learning sessions delivered.

Employee Engagement

The Group increased its global engagement score by 1% to 74% in our recent employee survey. This is a great result and is a testament to our teams across the business who successfully implemented their action plans following the previous survey in February 2020.

Wellbeing

We continue to actively promote our Employee Assistance Programme which all employees and their immediate families can access to get support when they need it. Many of our employees benefited from the resources and counselling sessions available through this service last year.

Our wellbeing activities focused on building resilience last year which was particularly important as we continued to live with the challenges of the pandemic.

PROMOTING RESPONSIBLE CONSUMPTION

Edrington is committed to promoting responsible consumption of its brands by those adults who choose to drink alcohol.

The company structures its responsible consumption agenda under three pillars that represent commitments to our people, our partnerships, and our brands:

Our commitments:

- > *We support our people to be alcohol responsibility ambassadors, with year-round education and support, and a commitment to 95% of eligible roles completing Edrington Marketing Code training every 2 years.*
- > *We partner with leading responsibility organisations to help people make positive choices about alcohol.*
- > *We ensure that our brands will promote alcohol responsibility to the people who enjoy them, that our brands adhere to the Edrington Marketing Code in all communications, and pledge that 100% of our brands' packaging will carry responsibility advice by 2025.*



Corporate Sustainability and Responsibility (continued)

A healthy population and a relationship of trust with consumers are vital to the success of our business. Our responsibility starts with ensuring our brands are distilled, packaged, and promoted to a consistently high standard everywhere in the world. We have an important role to play in promoting responsible attitudes to alcohol.

As part of our year-round package of education and training on promoting responsible consumption, Edrington runs Alcohol Responsibility Month, a global event with a schedule of activities to help our people enjoy and promote our brands responsibly. During the year Edrington worked with UK alcohol responsibility charity Drinkaware to create an online training programme, Drinkaware at Work, which will support the health, safety and wellbeing agenda at Edrington.

Within local markets, our business works with and funds organisations that support responsible consumption and work to reduce the harms associated with alcohol misuse.